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STATISTICAL BULLETIN

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The Conference Board

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COMMENT

After two very good years of strong economic recovery and expansion, growth is beginning to slow in the second half of 1984. Growth expectations for next year range from modest to downright pessimistic. Aside from leaning on the precept that nothing lasts forever, analysts are basing their predictions of slower real growth on the reduced role of some factors that have been at play in the last two years.

The early stages of economic recovery are typically dominated by a surge in consumer demand. Consumer borrowing declines in recessions as households forego spending for furniture, appliances, cars and homes. Consumer balance sheets recover some fiscal health, then, even as household capital stocks become somewhat depleted. Once the economy hits bottom and begins to turn around, workers become less concerned about potential layoffs or wage freezes. Consumer attitudes brighten, reinvigorating their willingness to spend. Wage increases and a lower level of indebtedness provide the means to spend, both for current needs and to meet pent-up demand.

The Conference Board's *Consumer Confidence Index* reached a low of 49.7 (1969-1970 = 100) in October, 1982—as the recession was drawing to a close. The index quickly shot up to 84.0 by May, 1983. Total retail sales, adjusted for inflation, increased at about a 6½% annual rate over this period. New, domestic *Automobile Sales* rose from an annual rate of about 5½ million cars in November, 1982, to about 7 million by May, 1983. This surge in demand was financed by gains in income and by buying on credit. Personal income, adjusted for inflation, rose by just under 4%, at an annual rate, in this period. The ratio of *Consumer Installment Debt Expansion to Personal Income* rose from zero (consumers were taking on as much new debt as they were paying off) to about 1% in this period. By the second quarter of 1983, real GNP was rising at a 9½% annual rate, on the strength of this surge in consumer spending.

Consumer attitudes became even more buoyant in the second half of 1983, and gains in real spending power were stronger. The *Consumer Confidence Index* rose from 84 in May, 1983, to 98.4 in January, 1984. Personal income, adjusted for inflation, rose by just under 7%, at an annual rate, in this eight-month period. Even those fatter pay-checks were insufficient to support consumer appetites for goods. Real retail sales rose by about an 11½% annual rate, as buying on credit continued to be the order of the day. The ratio of *Consumer Installment Debt Expansion to Personal Income* rose from a 1% level in May, 1983, to about 2% in January, 1984.

The *Consumer Confidence Index* reached a peak of 98.4 in January, 1984—higher than it had stood at any time since the economic growth rate began to falter in late 1978. The index then fell to 90.8 by August, but this is still a relatively high reading. It suggests that consumers view current conditions favorably. It does, however, reflect a view that conditions may not improve very much over the next six months. A year earlier, consumers' expectations were much higher.

Household real spending power rose at a brisk 6½% annual rate in the first half of 1984. Real retail sales, however, increased by only a 2½% annual rate in the first seven months of 1984. New, domestic *Automobile Sales* climbed to an annual rate of about 9 million cars this past Spring—a higher rate than any time since the Summer of 1979. By August, however, sales had dropped back to about a 7-million car rate. These numbers are seasonally adjusted to take into account any end-of-model-year decline in demand. Nor does the decline reflect a shift to foreign cars. The import share of the market remained in a range of 20% to 25% all through this year and last. Rather, the slower pace of demand may reflect a resistance to paying high finance charges. The ratio of *Consumer Installment Debt Expansion to Personal Income* rose to 4% in May—higher than even in late 1978, when many analysts thought that the consumer sector was becoming a bit over-extended. The pace of consumer borrowing slowed in June and July. Households have become a little more concerned about indebtedness and its high cost. Their confidence in the economy's performance remains high but is no longer rising. Two years after the economic expansion began, consumer spending seems to be moving more in line with current needs. Pent-up demand has been largely released, and the outlook now is more moderate than a year earlier.

The boom in business investment began to take off just as the surge in consumer demand began to ebb. In fact, strong business investment in plant, equipment and in inventory was responsible for the strong gain in real GNP in the first half of 1984. The Conference Board's survey of *Capital Appropriations and Expenditures* shows that the nation's 1,000 largest manufacturers continued to step up their modernization and expansion programs in the second quarter. The industry executives said they expect to to see their capital spending rise by a sizable 25% in 1984. They believe that that is attainable, despite high interest rates, because as much as 80% to 90% of it may be internally financed—out of retained earnings and depreciation

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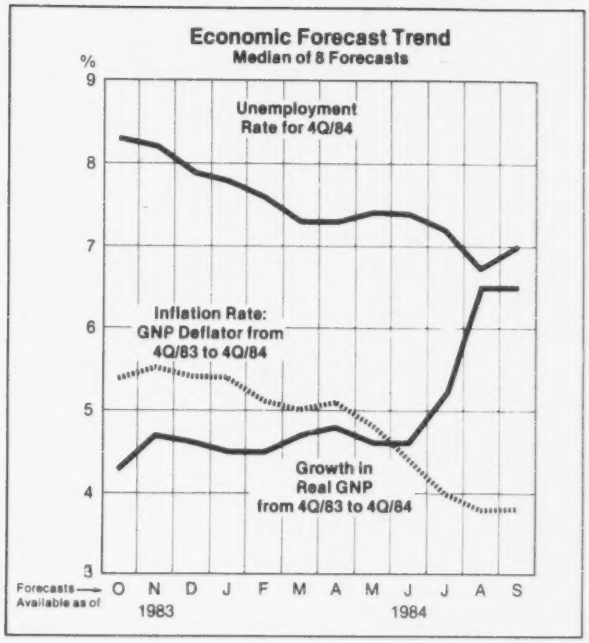


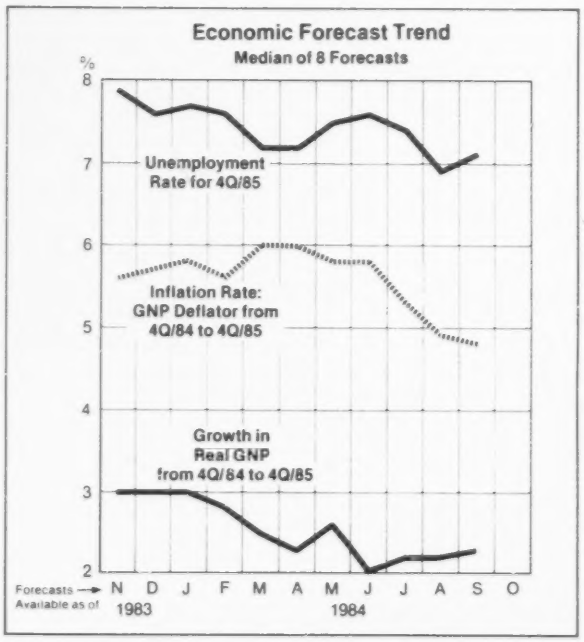
allowances. As indicated on the *Key Determinants of Profit Margins* chart, margins in the nonfinancial corporate sector continued to rebound in the second quarter, and are now higher than they have been since the fourth quarter of 1978. The Conference Board's *Business Executive's Expectations* survey, however, showed the same softening in attitudes about the near-term economic performance as did The Board's Consumer Sentiment survey. When asked about revisions in capital investment programs, in the executive sentiment survey, more respondents said that they were revising down than up. This suggests that while capital investment remains quite strong at the moment, any change in plans is likely to occur on the downside.

One big factor in the strong economic showing over the last two years is the enormous amount of stimulus the Federal Government's budget deficit has imparted to business activity. As indicated on the *Perspective on the Federal Budget* table, the budget deficit for fiscal 1985 (which begins on Oct. 1, 1984) is expected to be about $170 billion, about the same as in fiscal 1984, and a little lower than the figure for fiscal 1983. The balance-of-trade deficit, meanwhile, has grown to be as large as the budget deficit. The destimulating impact of the former is now almost as significant as the stimulative impact of the latter.

The data on the *Money Supply and Monetary Targets* chart show that money-supply growth has been slightly slower this year than last. The Federal Reserve has already announced a narrower target range for the aggregates for 1985 (trimming the top end of the range). The chart also shows that interest rates are being allowed to move up. The Federal Funds rate—the rate at which banks borrow from other banks—was in a range of 9% to 10% in the second half of 1983 and the first half of 1984. This Summer, it was allowed to rise to 11½ percent. The higher interest rates are one reason for the further climb in the value of the dollar. The trade-weighted average *Exchange Rate* of the dollar against other major currencies was about 110 (1980-1982 = 100) at the beginning of 1983—or about 10% higher than its base-period value. It had risen steadily to almost 25% above the base-period value by August, 1984.

Slower money growth, high interest rates, a high trade deficit, and an overvalued dollar all act to depress the pace of activity. Consumer spending is now more closely attuned to current needs and is no longer rising sharply due to the release of pent-up demand. Inventory reaccumulation, which was very substantial in the first half of 1984, has run its course. Business capital investment remains very powerful, but may begin to wilt under the pressures listed above. For all these reasons, the economy's growth rate is now slowing a bit and is expected to continue to moderate through the forecast horizon. The median of the *Economic Forecasts* indicates that real output grew at a seasonally adjusted 5.2% annual rate in the third quarter, and will slow to 3.4% in the fourth quarter. It is expected to decline to a very sluggish 1.3% by the third quarter of 1985, but then improve to about 3½% by the third quarter of 1986 (forecast horizon). Three of the forecasters, including The Conference Board's own model, show at least one quarter of actual decline in real GNP will be experienced in this time frame.

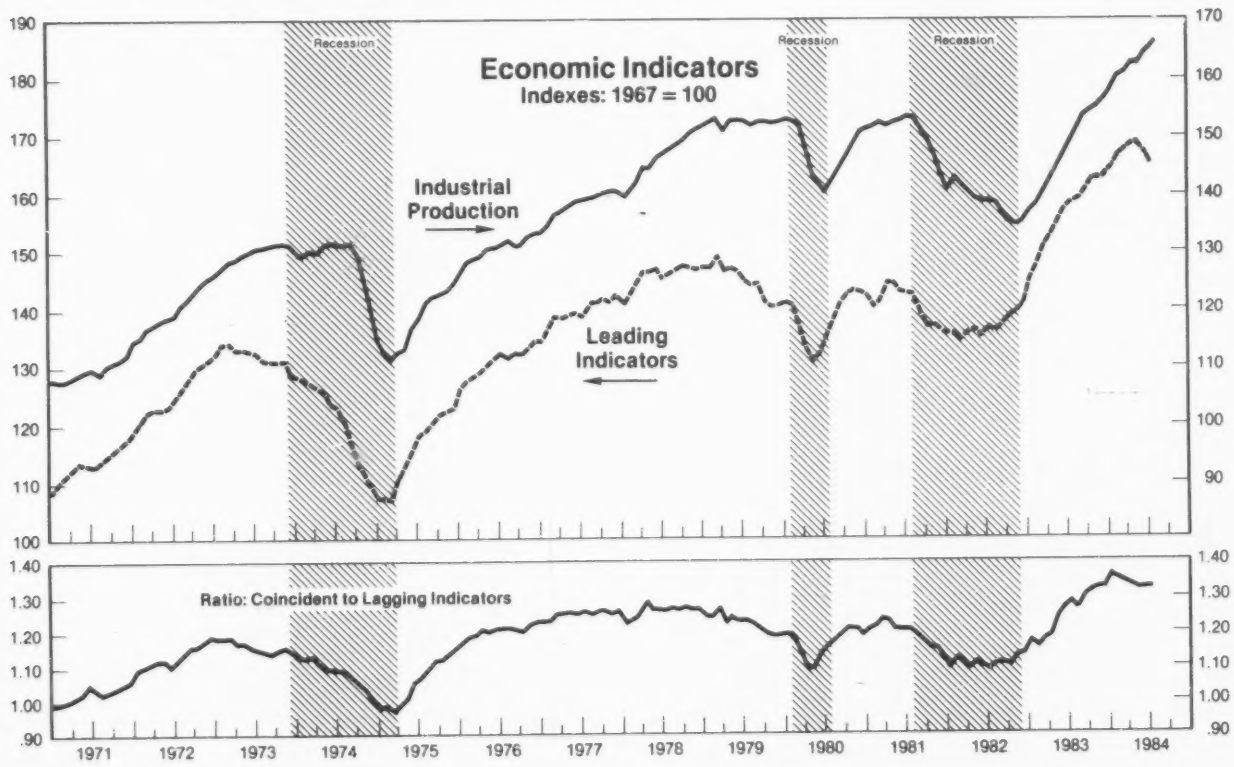
Ken Goldstein
September 12, 1984



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	July			X	— 1.8%	+ 4.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	July		X		+ 2.9%	+ 17.0%
New orders, nondefense capital goods (deflated)	July			X	— 1.3%	+ 13.9%
*New business formation	July			X	— 2.3%	+ 0.5%
*Housing permits	July			X	—11.0%	— 10.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	July		X		+ 2.4%	+ 10.5%
*Change in inventory, on hand & order (deflated)	June			X	— 5.5%	+ 24.3%
Purchasing agents' buying policy	Aug			X	— 6 %	+ 2 %
*Vendor performance, reported slower deliveries	July			X	—11 %	+ 8 %
Industrial raw materials prices	Aug.			X	— 5.1%	+ 3.5%
*Change in sensitive material prices	July			X	— 1.0%	— 1.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	July	X			+ 1.1%	+ 3.0%
Change in business loans	July			X	—40.6%	+ 52.3%
*Change in credit outstanding	June		X		+ 1.0%	+ 16.2%
Change in consumer installment debt	June	X			+23.5%	+ 47.6%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q		X		+ 1.0%	+ 21.7%
*Common stock prices	Aug.	X			+ 4.8%	+ 1.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Aug.			X	— 0.2hr	+ 0.1hr
*Initial unemployment claims (inverted)	Aug.		X		— 2.0%	+13.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



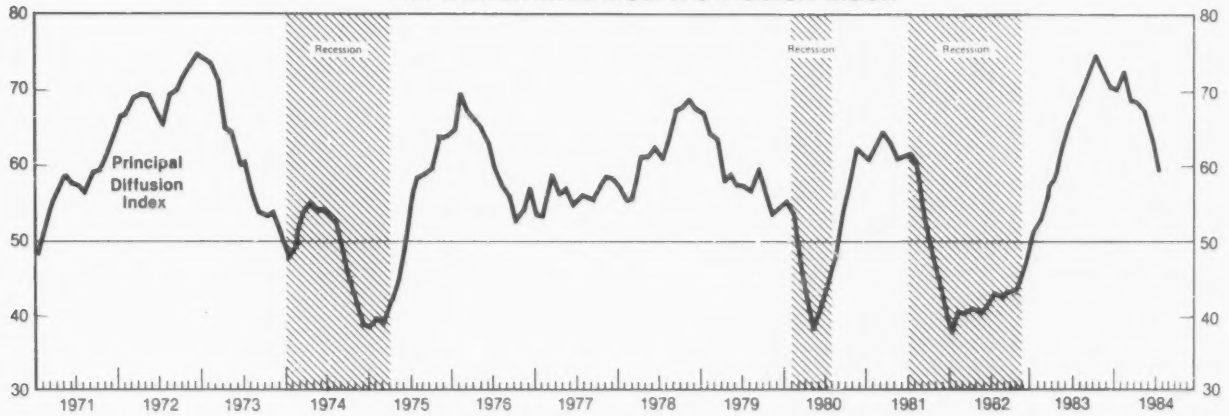
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1983 July	1984 Apr.	1984 May.	1984 June	1984 July(e)
Principal Diffusion Index	67.5	68.3r	67.3r	63.8r	59.6
Auxillary Diffusion Index	56.1	49.7r	46.9r	38.6r	36.3
Industrial Group	72.4	69.3	68.7r	67.3r	62.4
Nonindustrial Group	62.6	67.3r	66.0r	60.4r	56.8
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	73.9	56.0	56.2r	56.4r	51.9
Labor	73.1	75.3	75.4	73.8r	65.0
Miscellaneous	68.6	74.4	70.5	67.3	71.8
Nonindustrial Subgroups					
Prices	70.5	69.2	66.7	56.4	46.8
Consumer	72.2	73.1	76.9	75.6	79.9
Building	51.9	66.0	63.5	61.5r	51.9
Miscellaneous	54.9	61.1r	56.4r	47.0r	43.6

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 Feb.	1982 May	1982 Aug.	1982 Nov.	1983 Feb.	1983 May	1983 Aug.	1983 Nov.	1984 Feb.	1984 May	1984 Aug.
	Score (scale 0-100)										
Measure of Business Confidence	47	52	55	60	70	76	75	74	70	65	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	23	30	38	44	65	76	82	80	76	75	70
2. Expectations for Economy, Six Months Ahead	59	64	65	70	76	78	74	73	67	60	57
Expectations for Own Industry, Six Months Ahead	58	61	61	65	70	72	69	70	67	61	57

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

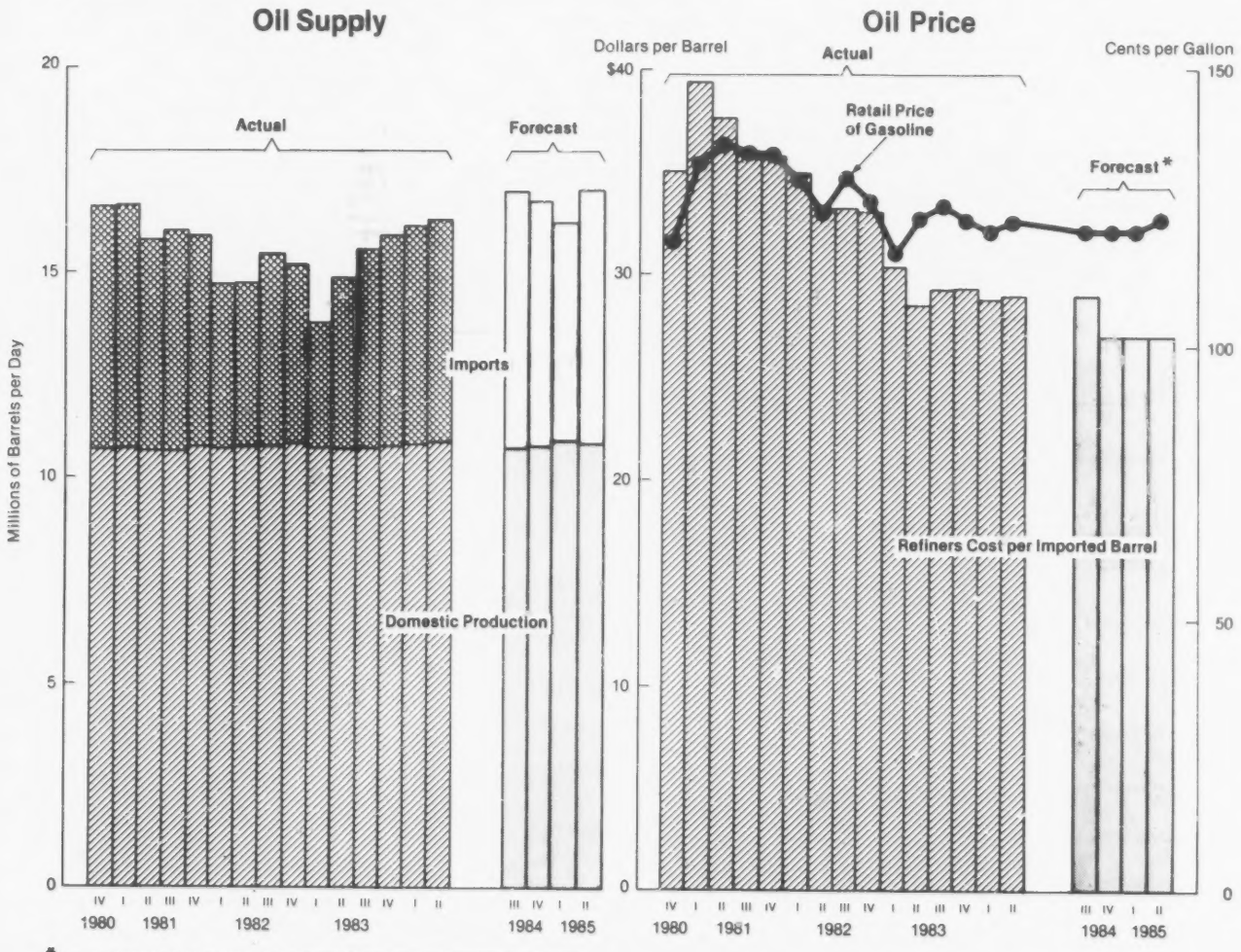
	1982	1983				1984		Percent Change From Previous Year		
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1982 Actual	1983 Actual	1984 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	21.488	20.072	20.874	22.875	24.262	26.816	37.092	−18	1	20
Capital expenditures	22.887	19.108	18.664	18.244	19.560	19.905	21.882	− 3	−23	25
Change in appropriations backlog*	−3.395	−1.160	+0.982	+1.988	+0.928	+5.152	+13.764			
Durable Goods										
New appropriations	8.238	8.130	9.293	9.119	11.024	13.662	21.153	−24	17	10
Capital expenditures	8.949	7.942	7.717	7.667	8.727	8.714	9.895	− 7	−19	31
Change in appropriations backlog*	−1.351	−0.676	+0.887	+1.466	+0.819	+4.057	+10.919			
Nondurable Goods										
New appropriations	13.250	11.942	11.581	13.666	13.238	13.154	15.939	−14	−9	27
Capital expenditures	13.938	11.166	10.947	10.577	10.833	11.191	11.987	0	−26	21
Change in appropriations backlog*	−2.044	−0.484	+0.095	+0.522	+0.109	+1.095	+2.845			
ELECTRIC & GAS UTILITIES										
New appropriations	9.939	7.664	6.713	5.771	7.200	5.338p				
Capital expenditures	9.384	9.041	9.292	9.043	8.366	8.703p				
Change in appropriations backlog*	−4.709	−4.812	−7.024	−3.925	−3.758	−4.832p				

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

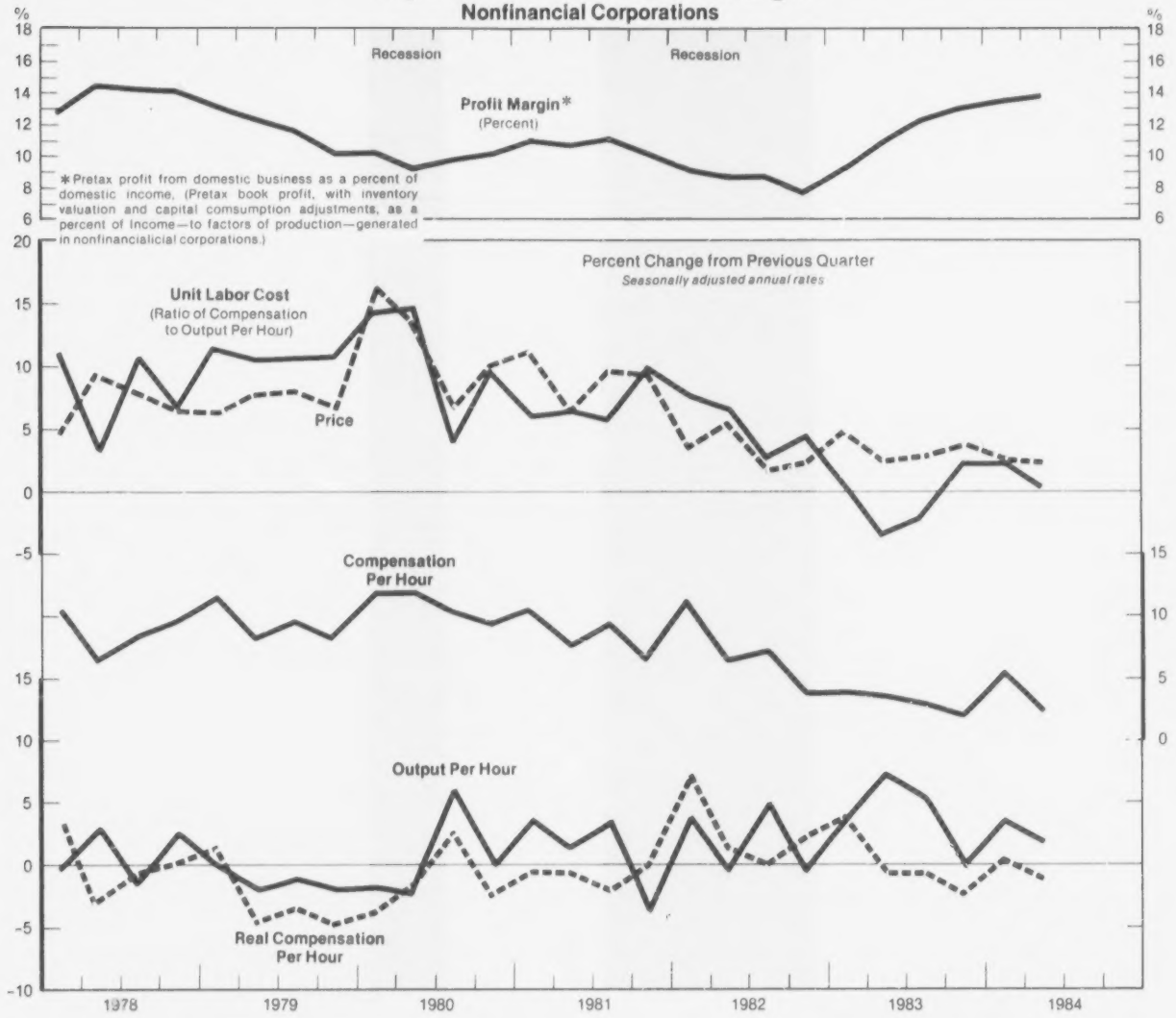
** Results based on survey respondents' expectations.



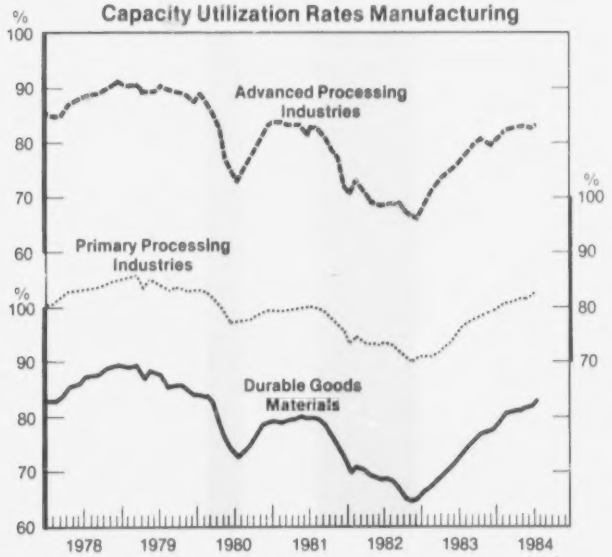
*Source: of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin

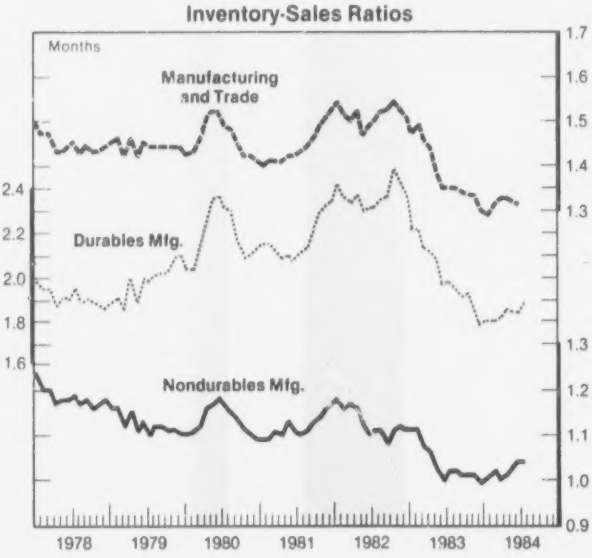
Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[2]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[2]		Georgia State University[2]	
Date of Forecast			*Aug. 1984*		*July, 1984*		*Aug. 1984*		*Aug. 1984*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1984**	**II**	**$3648.1**	**11.1%**			**$3648.1**	**11.1%**	**$3648.1**	**11.1%**
		III	3723.6	8.5	$3723.5	8.7%	3716.2	7.7	3725.7	8.8
		IV	3798.2	8.3	3792.7	7.6	3774.2	6.4	3798.9	8.1
	1985	I	3879.5	8.8	3857.5	7.0	3830.4	6.1	3889.3	9.9
		II	3942.9	6.7	3943.1	9.2	3920.8	9.8	3965.7	8.1
		III	4009.2	6.9	3987.5	4.6	4016.9	10.2	4046.5	8.4
		IV	4088.2	8.1	4047.2	6.1	4118.9	10.6	4131.3	8.6
	1986	I	4169.8	8.2			4195.9	7.7	4196.1	6.4
		II	4256.7	8.6			4289.8	9.3	4281.0	8.3
		III	4347.6	8.8			4366.8	7.4		
	1984	Annual	3680.8	11.4	3679.0	11.3	3672.5	11.1	3681.5	11.4
	1985	Annual	3980.0	8.1	3958.8	7.6	3971.8	8.1	4008.2	8.9
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1984**	**II**	**$1640.8**	**7.6%**			**$1640.8**	**7.6%**	**$1640.8**	**7.6%**
		III	1662.3	5.3	$1661.0	5.2%	1659.0	4.5	1660.3	4.8
		IV	1680.7	4.5	1674.6	3.3	1670.0	2.7	1670.6	2.5
	1985	I	1698.1	4.2	1683.4	2.1	1680.0	2.4	1686.6	3.9
		II	1708.3	2.4	1699.1	3.8	1701.0	5.1	1699.1	3.0
		III	1719.3	2.6	1696.3	-0.7	1724.0	5.5	1711.7	3.0
		IV	1732.5	3.1	1700.7	1.0	1749.0	5.9	1722.8	2.6
	1986	I	1746.0	3.2			1763.0	3.2	1732.9	2.4
		II	1760.5	3.4			1780.0	3.9	1743.9	2.6
		III	1777.0	3.8			1786.0	1.4		
	1984	Annual	1648.7	7.4	1646.7	7.3	1645.0	7.2	1645.7	7.2
	1985	Annual	1714.6	4.0	1694.9	2.9	1713.5	4.2	1705.1	3.6
Gross National Product deflator Index, 1972 = 100										
Actual	**1984**	**II**	**222.3**	**3.2%**			**222.3**	**3.2%**	**222.3**	**3.2%**
		III	224.0	3.0	224.2	3.4%	224.0	3.0	224.4	3.8
		IV	226.0	3.6	226.5	4.2	226.0	3.6	227.4	5.5
	1985	I	228.5	4.4	229.1	4.8	228.0	3.6	230.6	5.8
		II	230.8	4.2	232.1	5.2	230.5	4.5	233.4	4.9
		III	233.2	4.2	235.1	5.3	233.0	4.4	236.4	5.2
		IV	236.0	4.9	238.0	5.0	235.5	4.4	239.8	5.9
	1986	I	238.8	4.9			238.0	4.3	242.1	4.0
		II	241.8	5.1			241.0	5.1	245.5	5.6
		III	244.7	4.8			244.5	5.9		
	1984	Annual	223.2	3.7	223.4	3.8	223.2	3.7	223.7	3.9
	1985	Annual	232.1	4.0	233.6	4.6	231.7	3.8	235.1	5.1
Unemployment Rate										
Actual	**1984**	**II**	**7.5%**		**7.5%**		**7.5%**		**7.5%**	
		III	7.3		7.3		7.4		7.3	
		IV	7.0		7.0		7.2		7.1	
	1985	I	6.9		7.1		6.9		7.0	
		II	6.9		7.3		6.8		7.0	
		III	6.9		7.5		6.5		6.9	
		IV	6.9		7.6		6.4		6.8	
	1986	I	7.0				6.4		6.7	
		II	7.0				6.3		6.7	
		III	7.0				6.5			
	1984	Annual	7.4		7.4		7.5		7.4	
	1985	Annual	6.9		7.4		6.7		6.9	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary second quarter data.
[2]Based on second quarter data.

ECONOMIC FORECASTS (continued)

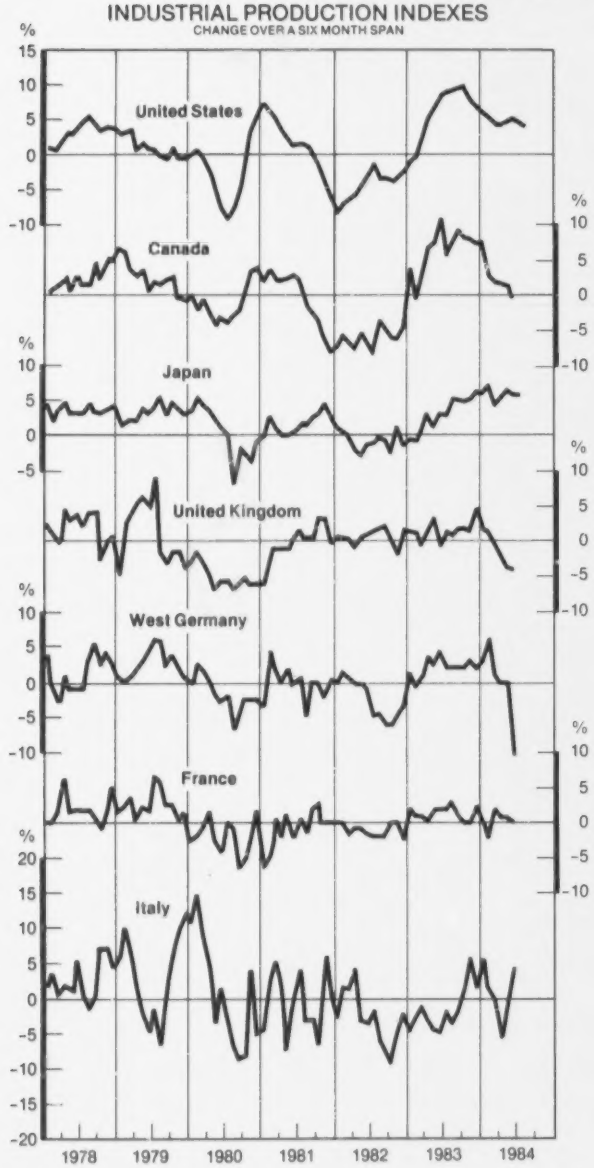
The Conference Board[1]		Chase Econometric Associates, Inc[2].		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
July, 1984		*Aug. 1984*		*Aug. 1984*		*Aug. 1984*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
		$3648.1	**11.1%**	**$3648.1**	**11.1%**	**$3648.1**	**11.1%**	**II**	**1984**	**Actual**
3726.0	9.0	3726.7	8.9	3725.2	8.7	3726.1	8.8	III		
3794.0	7.5	3805.5	8.7	3788.5	7.0	3806.1	8.9	IV		
3849.0	5.9	3887.0	8.8	3854.0	7.1	3887.9	8.9	I	1985	
3884.0	3.7	3962.9	8.0	3900.4	4.9	3967.8	8.5	II		
3911.0	2.8	4018.6	5.7	3946.2	4.8	4043.1	7.8	III		
3993.0	8.7	4090.4	7.3	4002.5	5.8	4121.7	8.0	IV		
		4175.6	8.6	4064.9	6.4	4175.5	5.3	I	1986	
		4270.1	9.4	4139.1	7.5	4221.9	4.5	II		
		4375.4	10.2	4221.2	8.2	4312.3	8.8	III		
3679.9	11.4	3683.4	11.5	3678.8	11.3	3683.4	11.5	Annual	1984	
3909.3	6.2	3989.7	8.3	3925.8	6.7	4005.1	8.7	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
		$1640.8	**7.6%**	**$1640.8**	**7.6%**	**$1640.8**	**7.6%**	**II**	**1984**	**Actual**
1661.2	5.2	1661.9	5.2	1662.1	5.3	1663.0	5.5	III		
1673.3	2.9	1678.3	4.0	1675.5	3.3	1682.0	4.6	IV		
1677.9	1.1	1691.9	3.3	1686.8	2.7	1695.5	3.2	I	1985	
1672.0	-1.4	1701.5	2.3	1690.5	.9	1708.0	3.0	II		
1667.8	-1.0	1704.0	.6	1693.8	.8	1717.1	2.1	III		
1685.2	4.2	1710.9	1.6	1698.1	1.0	1726.2	2.1	IV		
		1724.3	3.2	1705.1	1.7	1722.2	- .9	I	1986	
		1742.4	4.3	1716.5	2.7	1717.7	-1.0	II		
		1759.2	3.9	1731.2	3.5	1733.7	3.8	III		
1646.4	7.3	1648.0	7.4	1647.3	7.3	1649.2	7.5	Annual	1984	
1675.7	1.8	1702.1	3.3	1692.3	2.7	1711.7	3.8	Annual	1985	
								Gross National Product deflator Index, 1972 = 100		
		222.3	**3.2%**	**222.3**	**3.2%**	**222.3**	**3.2%**	**II**	**1984**	**Actual**
224.3	3.6%	224.2	3.5	224.1	3.3	224.1	3.1	III		
226.7	4.4	226.7	4.5	226.1	3.6	226.3	4.0	IV		
229.4	4.8	229.7	5.4	228.5	4.3	229.3	5.5	I	1985	
232.3	5.2	232.9	5.6	230.7	4.0	232.3	5.3	II		
234.5	3.9	235.8	5.1	233.0	4.0	235.5	5.5	III		
236.9	4.2	239.1	5.6	235.7	4.8	238.8	5.7	IV		
		242.2	5.3	238.4	4.6	242.5	6.3	I	1986	
		245.1	4.9	241.1	4.7	245.8	5.6	II		
		248.7	6.1	243.8	4.5	248.7	4.9	III		
223.5	3.8	223.5	3.8	223.3	3.7	223.3	3.7	Annual	1984	
233.3	4.4	234.4	4.9	232.0	3.9	234.0	4.8	Annual	1985	
								Unemployment Rate		
7.5%		**7.5%**		**7.5%**		**7.5%**		**II**	**1984**	**Actual**
6.9		7.3		7.4		7.2		III		
6.7		7.0		7.1		6.9		IV		
6.8		6.9		7.0		6.6		I	1985	
7.2		6.9		7.2		6.4		II		
7.5		7.1		7.4		6.3		III		
7.4		7.3		7.6		6.2		IV		
		7.3		7.8		6.7		I	1986	
		7.1		7.9		7.0		II		
		7.0		7.9		7.2		III		
7.2		7.4		7.4		7.3		Annual	1984	
7.2		7.1		7.3		6.4		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

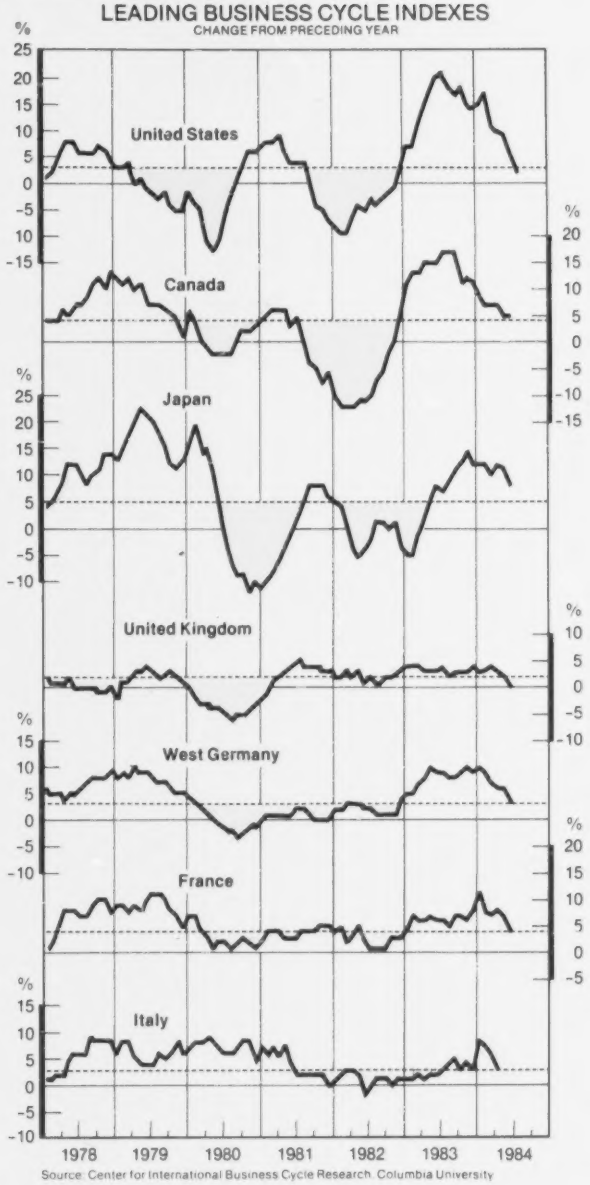
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

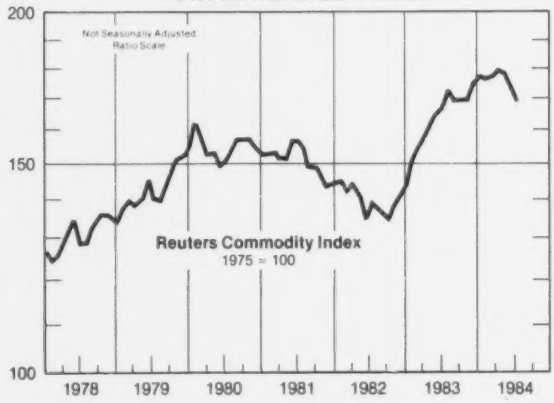
CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

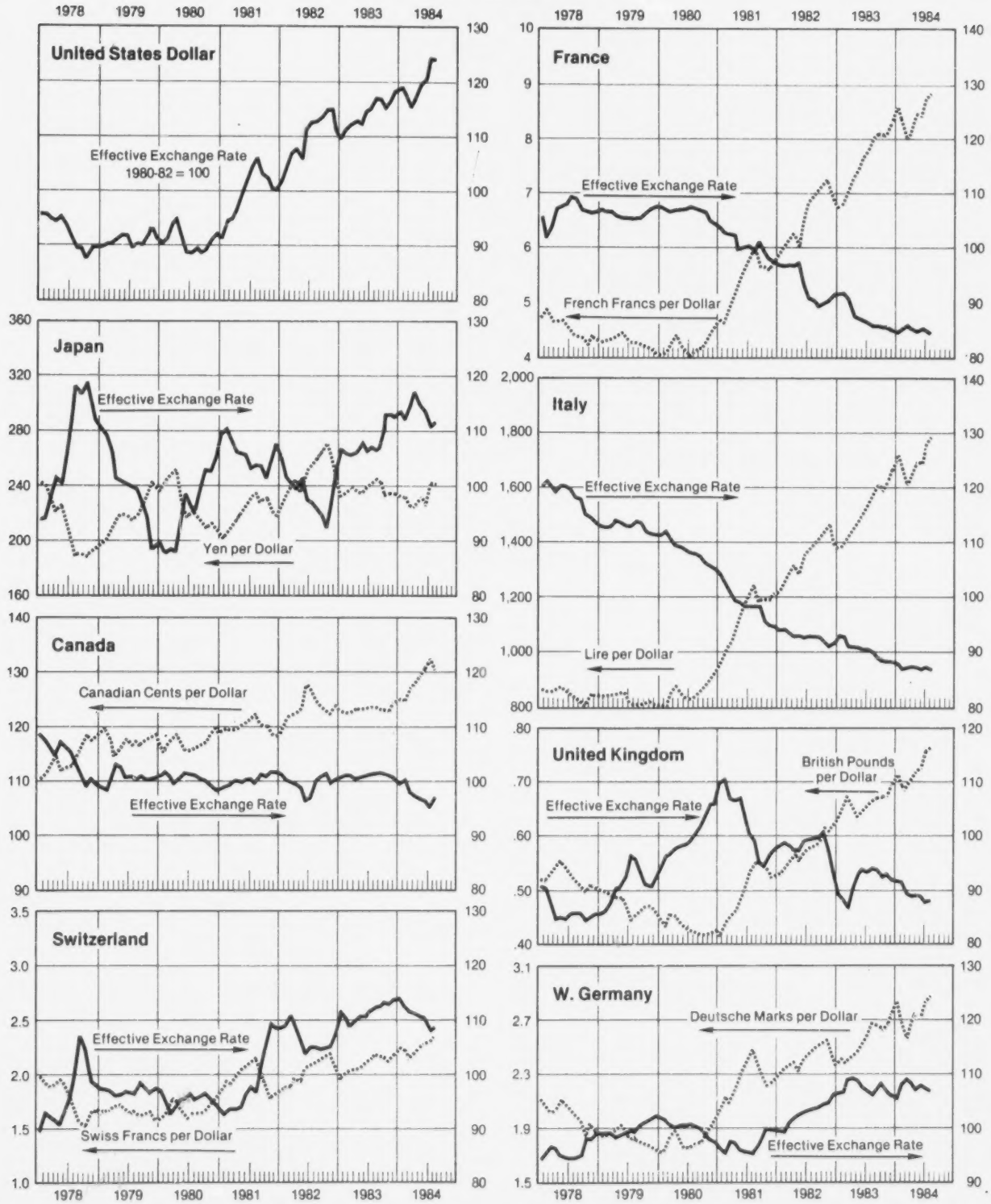
MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



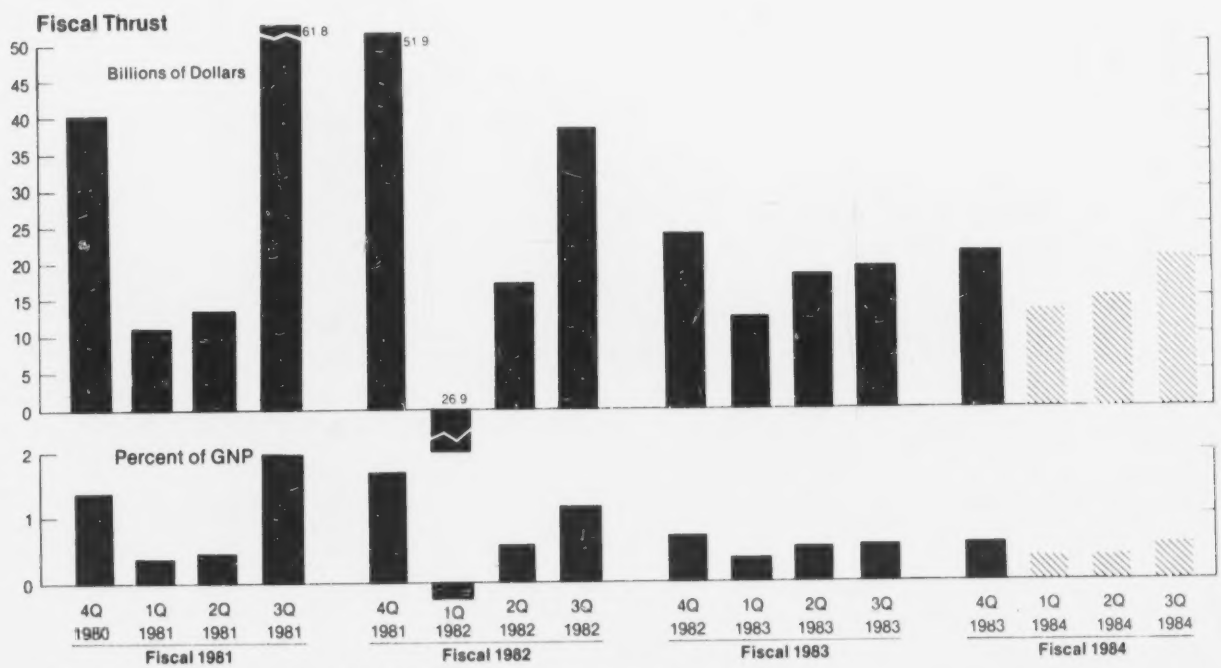
Note: Nominal Effective Exchange Rates; Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

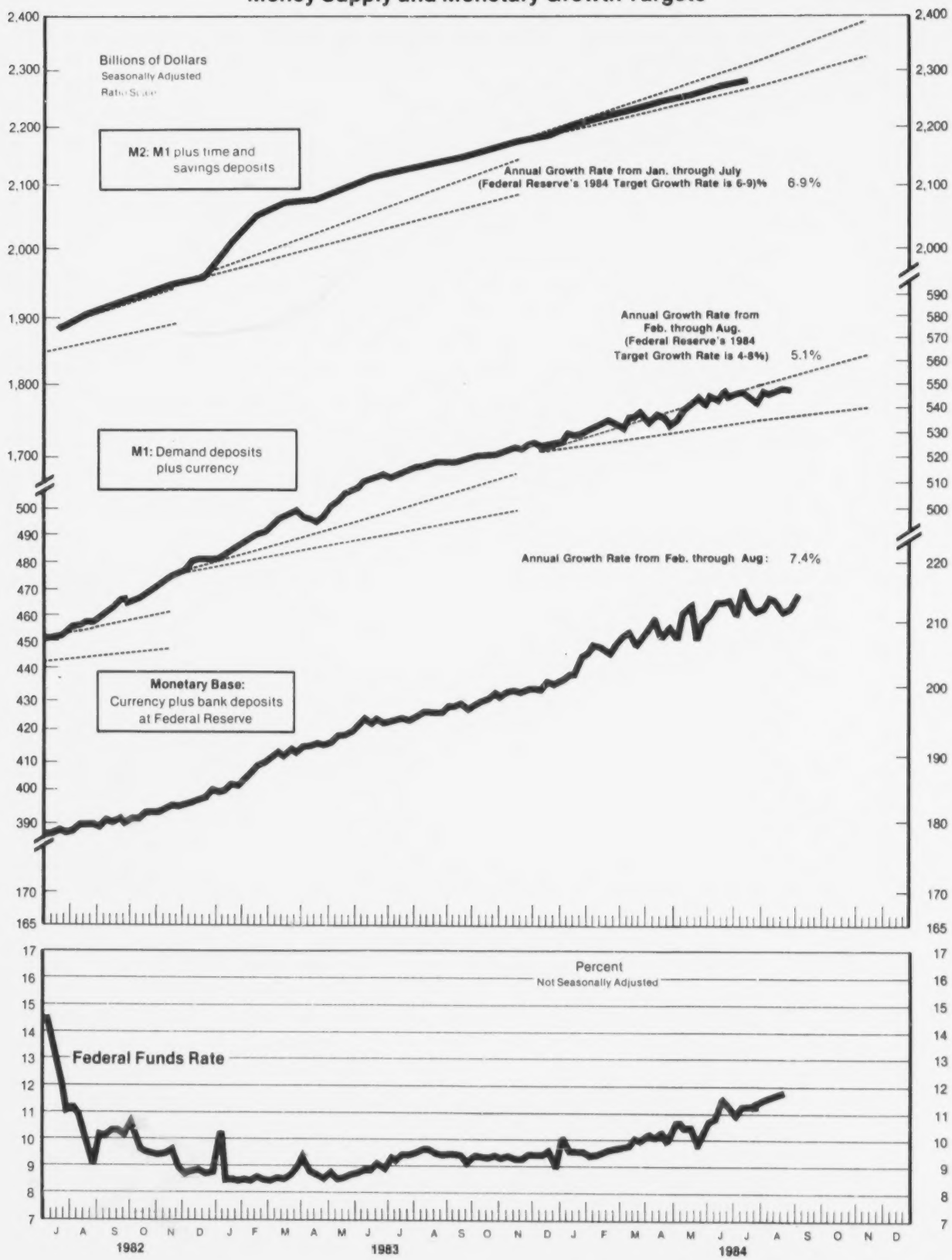
	Fiscal 1983	Fiscal 1984		Fiscal 1985		
	Actual (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (8/6/84)	Current Service (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (8/6/84)
Receipts	**600.6**	**670.7**	**673.0**	**737.3**	**763.8**	**751.0**
Outlays	**796.0**	**845.0**	**845.0**	**944.9**	**930.6**	**929.0**
Deficit	**-195.0**	**-174.3**	**-172.0**	**-207.7**	**-166.9**	**-178.0**
Receipts by source	**600.6**	**670.7**	**673.0**	**737.3**	**763.8**	**751.0**
Individual income taxes	288.9	299.5		323.4	341.8	
Corporate income taxes	37.0	59.0		75.5	74.3	
Social insurance	209.0	241.2		269.0	271.5	
Other receipts	65.7	71.1		69.4	76.2	
Outlays by function	**796.0**	**845.0**	**845.0**	**944.9**	**930.6**	**929.0**
National defense	209.9	233.6		284.2	266.2	
Social security and medicare	223.3	237.8		261.4	258.1	
Income security	122.2	95.2		116.9	110.3	
Health	28.7	30.6		34.4	33.8	
Education and manpower	26.6	28.2		29.0	29.4	
Transportation	21.4	25.1		27.4	26.9	
Veterans' benefits	24.8	25.9		26.6	26.7	
International affairs	9.0	12.6		14.1	17.2	
Agriculture	22.2	10.2		14.3	15.1	
National resources and environment	12.7	12.2		11.8	11.6	
General science	7.7	8.2		8.4	8.7	
Community development	6.9	7.3		7.7	7.7	
Revenue sharing	6.5	6.7			6.5	
Justice	5.1	5.9		6.2	6.2	
General government	4.8	5.3		5.7	5.6	
Energy	4.0	2.4		3.4	2.8	
Commerce and housing credit	4.4	4.6		1.6	0.3	
Interest	89.8	109.4		117.9	130.2	
Allowances				1.5	1.0	
Undistributed offsetting receipts	-34.0	-16.2		-34.6	-33.8	

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M2: M1 plus time and savings deposits
Annual Growth Rate from Jan. through July (Federal Reserve's 1984 Target Growth Rate is 6-9)% 6.9%
Annual Growth Rate from Feb. through Aug. (Federal Reserve's 1984 Target Growth Rate is 4-8%) 5.1%
M1: Demand deposits plus currency
Annual Growth Rate from Feb. through Aug: 7.4%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1982
1983
1984

CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

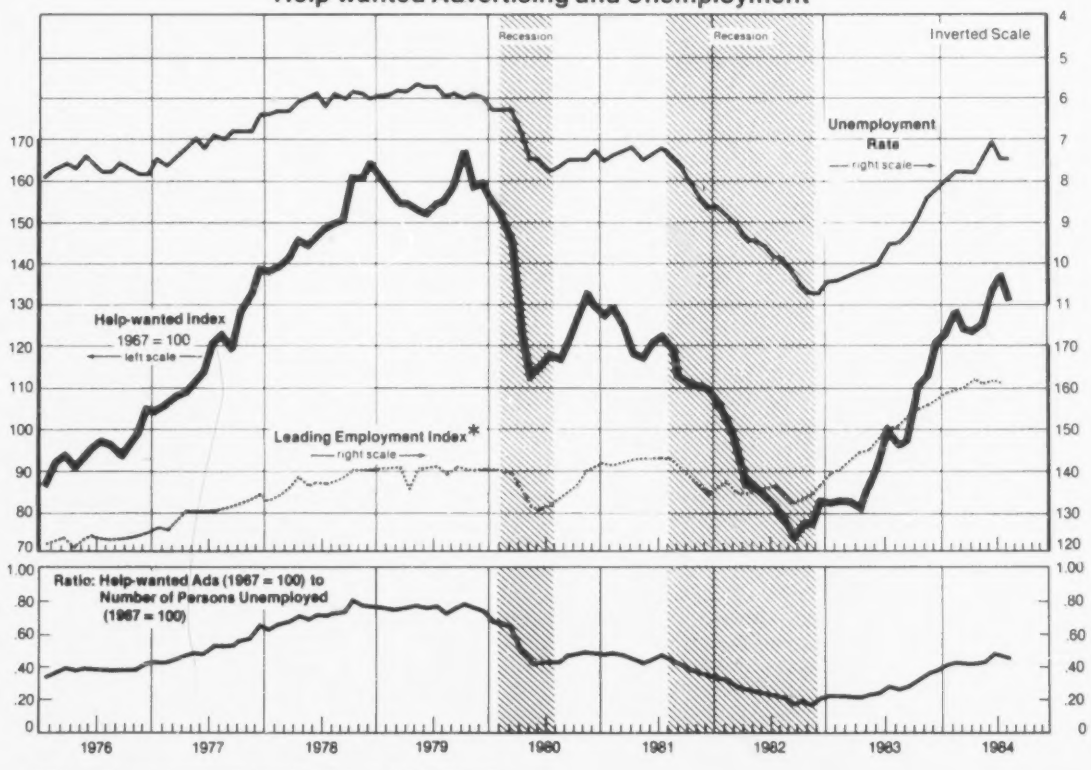
Seasonally Adjusted Indexes, 1967 = 100

	1984			1983
	July	June	May	July
Total Index 51 papers	138	134	125	100
New England	155	150	141	108
Boston	171	164	159	121
Hartford	151	149	136	105
Providence	106	103	84	67
Middle Atlantic	68	64	58	53
Albany	140	136	123	88
Allentown	202	161	121	138
New York	56	54	53	45
Philadelphia	64	56	49	50
Pittsburgh	63	57	52	52
Rochester	76	76	63	63
Syracuse	113	110	85	78
East North Central	85	80r	73	57
Chicago	105	101	92	54
Cincinnati	116	107	87	79
Cleveland	63	56	44	45
Columbus	111	105	91	83
Dayton	67	68	59	48
Detroit	55	52	52	52
Gary	99	99	89	96
Indianapolis	84	70r	78	64
Milwaukee	NA	52	43	41
Toledo	86	87	83	68
West North Central	87	87	75	62
Kansas City	114	119	97	85
Minneapolis	78	79	70	51
Omaha	124	115	109	93
St. Louis	NA	69	57	50
South Atlantic	158	161	146	123
Atlanta	293	292	258	202
Baltimore	93	114	104	77

	1984			1983
	July	June	May	July
Charlotte	144	139	131	108
Jacksonville	198	197	191	163
Miami	82	81	78	78
Richmond	108	111	96	79
Washington, D.C.	160	158	142	131
East South Central	136	130	116	103
Birmingham	142	141	126	111
Knoxville	190	181	182	144
Louisville	77	78	65	56
Memphis	111	113	104	89
Nashville	200	168	142	145
West South Central	299	299r	282	222
Dallas	422	440	412	285
Houston	369	354r	336	282
New Orleans	141	141	141	123
Oklahoma City	174	176	150	137
San Antonio	208	210	210	158
Tulsa	167	174	146	136
Mountain	321	308	296	205
Denver	228	213	193	168
Phoenix	415	430	416	261
Salt Lake City	367	319	326	198
Pacific	192	185r	184	141
Los Angeles	153	143	144	109
Sacramento	313	293r	289	228
San Bernardino	188	149	143	112
San Diego	391	385	366	273
San Francisco	194	198	200	147
Seattle	172	178	183	165
Percentage of papers with rising volume	63%	82%	45%	90%
Unemployment rate	7.5%	7.1%	7.5%	9.5%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	90.8p				

Buying Plans Index

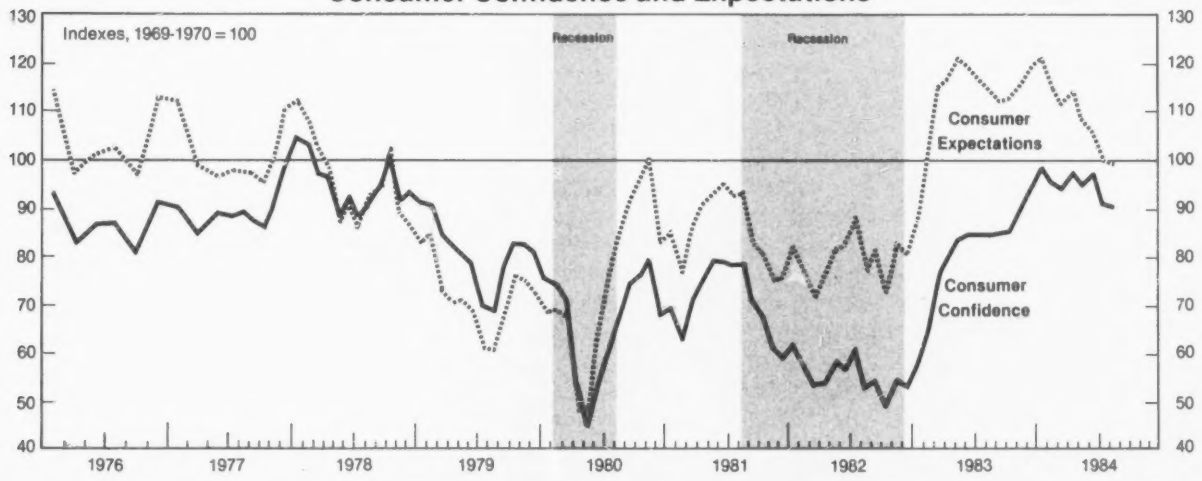
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	94.5r	99.0p				

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

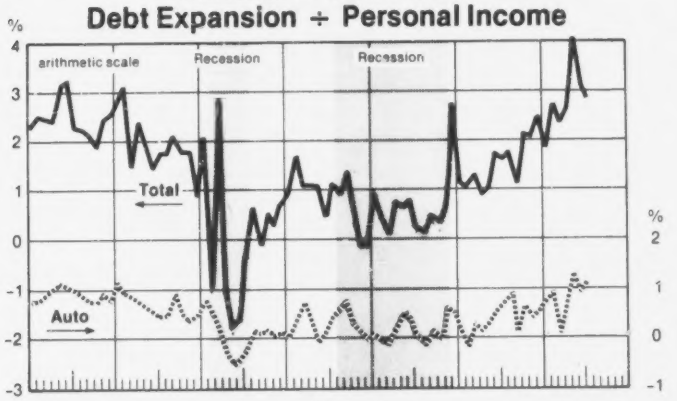
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

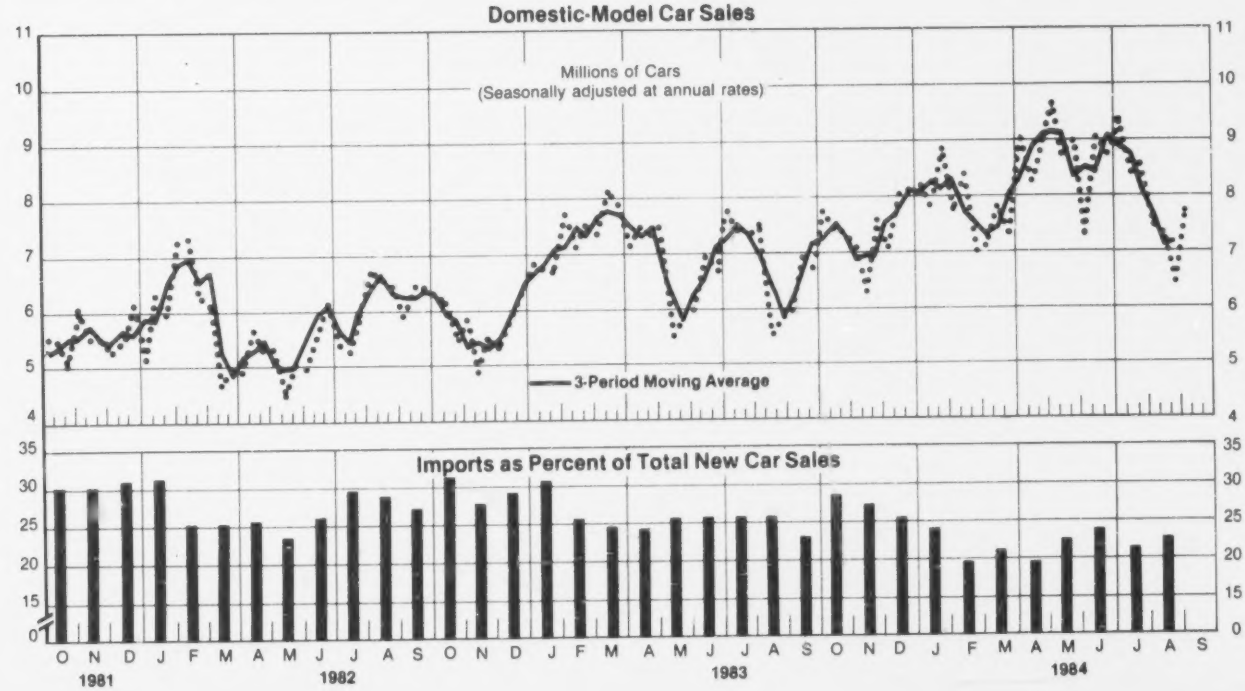
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1981	1982	1983	1984
January:	1-10	6.15	5.57	6.21	8.21
	11-20	6.60	5.56	6.17	7.80
	21-31	6.51	5.00	5.44	8.89
February:	1-10	6.49	6.06	5.81	7.74
	11-20	5.56	5.51	4.85	8.40
	21-28(29)	7.76	5.58	5.59	7.00
March:	1-10	7.66	5.25	5.39	7.08
	11-20	9.66	5.45	5.85	7.80
	21-31	5.05	6.19	6.21	7.37
April:	1-10	6.24	5.16	6.82	9.05
	11-20	6.00	6.36	6.76	8.26
	21-30	6.40	5.94	6.71	9.09
May:	1-10	6.13	7.30	7.72	9.68
	11-20	6.52	7.34	7.07	8.70
	21-31	5.94	6.25	7.55	8.99
June:	1-10	6.09	6.10	7.34	7.37
	11-20	5.99	4.68	8.12	9.12
	21-30	6.06	4.94	7.88	8.74
July:	1-10	6.09	4.92	7.16	9.39
	11-20	6.47	5.61	7.42	8.39
	21-31	5.89	5.30	7.37	8.53
August:	1-10	7.31	5.35	7.51	7.45
	11-20	6.98	4.52	5.53	7.30
	21-31	7.49	5.05	5.88	6.47
September:	1-10	6.88	4.93	5.98	
	11-20	5.73	6.54	6.99	
	21-30	6.36	6.19	6.64	
October:	1-10	5.29	5.40	7.78	
	11-20	5.27	5.25	7.40	
	21-31	5.43	5.80	7.31	
November:	1-10	5.71	6.71	7.13	
	11-20	4.72	6.64	6.23	
	21-30	5.64	6.45	7.59	
December:	1-10	5.14	5.83	7.06	
	11-20	4.74	6.43	8.06	
	21-31	5.00	6.41	8.18	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1981
1982
1983
1984